



State of Wisconsin
Department of Health and Family Services

Jim Doyle, Governor
Helene Nelson, Secretary

SeniorCare Reestimate and Deductible/Enrollment Fee Modifications

	FY 04		FY 05	
	GPR	All Funds	GPR	All Funds
Reestimate	\$3,322,200	\$46,974,600	\$24,902,000	\$84,472,900
Deductible: \$500/\$750/\$850	-\$4,966,400	-\$4,966,400	-\$5,756,500	-\$5,756,500
Enrollment Fees: \$25 /\$30	-\$401,800	\$0	-\$437,500	\$0
Total	-\$2,046,000	\$42,008,200	\$18,708,000	\$78,716,400

Description of Proposal

- Fully fund benefit costs under current law, taking into account projected caseloads and drug costs.
- Establish a graduated deductible for SeniorCare recipients that would increase with income as follows:

Income As a Percentage Of Federal Poverty Level	---- Annual Deductible -----	
	Current Law	Governor
Up to 160%	\$0	\$0
160% to 200%	\$500	\$500
200% to 240%	\$500	\$750
Over 240%	\$500	\$850

- Establish a graduated enrollment fee for SeniorCare recipients that would increase with income as follows:

Income As a Percentage Of Federal Poverty Level	---- Enrollment Fee -----	
	Current Law	Governor
Up to 200%	\$20	\$25
Over 200%	\$20	\$30

Background

- SeniorCare began on September 1, 2002, and as a result, costs for SeniorCare benefits in 2002-03 reflect only 10 months of benefits.
- Enrollment has grown significantly during 2002-03 from 41,700 on September 1, 2002 to 78,000 on February 4, 2003. Actual monthly increases in the last two months have averaged approximately 3,000 new enrollees per month. It is expected that enrollment on July 1, 2003 will approach 100,000.
- Prescription drug costs per elderly recipient in Medicaid have grown at an average annual rate of 13.9% over the last six years.
- Currently, 53% of Senior Care recipients are below 160% of the FPL, 21% are between 160% and 200% of the FPL, 19% are between 200% and 240% FPL and 7% have incomes exceeding 240% of the FPL.

- Based on experience to date, it is projected that annual average expenditures, recipients payments and state payments per enrollee will vary by FPL group as follows:

	<u>Income as a Percentage of the Federal Poverty Level</u>			
	<u>0 to 160%</u>	<u>160% to 200%</u>	<u>200% to 240%</u>	<u>Over 240%</u>
Drug Cost	\$1,640	\$1820	\$1930	\$2,260
Recipient Payments				
Deductible	\$0	\$500	\$500	\$500
Spenddown	\$0	\$0	\$0	\$850
Copayments	<u>\$380</u>	<u>\$320</u>	<u>\$330</u>	<u>\$160</u>
Total	\$380	\$820	\$830	\$1,510
Rebates	\$300	\$230	\$250	\$170
Federal MA Funding	\$560	\$450	\$0	\$0
Net State Cost	\$400	\$320	\$850	\$590

- Under current law, all SeniorCare recipients must pay an annual \$20 enrollment fee. Statutes specify that this fee be used to fund administrative costs. No other funding is budgeted in 2002-03 for administrative operating costs.

Rationale for Proposal

- Additional funding is needed to: (a) fully annualized the costs of SeniorCare; (b) support projected caseload growth to 110,000 by the end of 2003-04 and 120,000 by the end of 2004-05; and (c) support expected drug cost increases per enrollee of 15% per year.
- SeniorCare provides a very cost-effective way for the state to assist low-income seniors with the burden of prescription drug costs. Because state support is leveraged by federal payments under MA, manufacturers' rebates and participant cost sharing, net state costs are only 27% of the cost of the drugs.
- The Governor's proposed deductible policy protects the most vulnerable and needy SeniorCare recipients; an increased deductible requirement is imposed only on those clients with relatively more income.
- Under current law, the deductible is the same \$500 for any recipient above 160% of the FPL. However, as income increases, individuals or couples could afford to contribute more to the cost of their prescription drugs. The average income for the group in the 200% to 240% FPL range is over \$7,000 higher per year than the 160% to 200% group. Increasing the deductible by \$250 (to \$750 in total) for the 200% to 240% group would represent only a small fraction of this higher income.
- The proposed increases in the enrollment fees are very small relative to the average cost of drugs and current participant cost share requirements. The group with income below 160% of the FPL has average copayments of \$380 per year, which would not increase under the Governor's proposal. The proposed increase of \$5 per year for this group would represent only a 1.25% increase in their contributions.